

MICHAEL A. ARCURI
24TH DISTRICT, NEW YORK

COMMITTEE ON RULES

COMMITTEE ON TRANSPORTATION
AND INFRASTRUCTURE

COMMITTEE ON SCIENCE
AND TECHNOLOGY
(ON LEAVE)

127 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
202-225-3665
202-225-1891 FAX

10 BROAD STREET, ROOM 330
UTICA, NY 13501
315-793-8146
315-798-4099 FAX

Congress of the United States
House of Representatives
Washington, DC 20515-3224

June 17, 2010

The Honorable Tom Vilsack, Secretary
U.S. Department of Agriculture
1400 Independence Ave., S.W.
Washington, DC 20250

Dear Secretary Vilsack:

I write to you with deep concern over high costs of production that continue to threaten this country's dairy farmers. As you know, the June 2010 Class I price is \$18.73 per hundredweight (cwt). While this price is a substantial increase over the June 2009 Class I price, this rate is not sufficient for our milk producers to recoup their costs of production and make a profit. I respectfully request that you utilize your existing authority when determining the Class I price milk mover to take into account increases in cost of production facing our dairy farmers.

As you know, dairy farms throughout the country experienced one of the worst price crises in 2009. According to your agency, the number of dairy farms in the United States declined in the past year from 67,000 to 65,000 – nearly three percent nationwide. In general, farm milk prices have increased since summer 2009 and 2010 is projected to be a better year for milk prices paid to farmers. However, serious financial concerns remain for dairy farmers who lost significant amounts of farm equity during the milk price collapse. These farmers continue to struggle with monthly bills and profit margins significantly eroded by high input costs. It is clear that far-reaching dairy reforms are needed in the 2012 Farm Bill, but in the meantime it is critical that farmers are able to see profits from their products.

I commend your leadership in delivering over \$1 billion to support the neediest farmers through the Milk Income Loss Contract (MILC) Program, the Dairy Product Price Support Program (DPPSP), the Dairy Export Incentive Program (DEIP), and the Dairy Economic Loss Assistance Program (DELAP) in 2009. These expenditures helped innumerable farmers weather the difficult economic climate. However, if the cost of milk production were given more weight in determining milk prices from the outset, it could potentially reduce the government's obligation to support dairy farmers in the future.

I understand that the Federal Milk Marketing Order (FMMO) Program focuses on assuring that an adequate supply of milk is available for fluid or beverage use, and as a marketing program it is not designed to set minimum prices above the relative value of milk. However, maintaining an adequate domestic milk supply is not possible if farmers are unable to produce milk at less than market costs. Farmers in my district have become so distressed they are actually beginning to threaten a wide-scale milk dump.

Your establishment of a Dairy Industry Advisory Board is appreciated, but their recommendations will not be out until later this fall. I believe that the present situation requires immediate action, and request that you use your authority to account for rising costs of production when setting next month's Class I milk price. Thank you for your consideration of my request.

Sincerely,



MICHAEL A. ARCURI
Member of Congress